

**LOESS HILLS AREA EDUCATION AGENCY 13**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2005**

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## LOESS HILLS AREA EDUCATION AGENCY 13

### OFFICIALS June 30, 2005

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<i>NAME</i>	<i>TITLE</i>	<i>TERM EXPIRES</i>
<b>Board of Directors</b>		
Karen Thomsen	Member	2005
Kenneth Lee	Chairperson	2006
Randy Brown	Member	2007
Richard Schenck	Member	2005
Nancy Coziahr	Member	2007
Martin Pennock	Member	2006
Marland Gammon	Member	2007
Kenneth Peterson	Member	2005
Charles Watson	Vice Chairperson	2006
<b>Agency</b>		
Glenn Grove	Administrator	Indefinite
Linda Perdue	Board Secretary/ Administrative Assistant	Indefinite
Emily Nelson	Board Treasurer/Director, Administrative Services	Indefinite

**LOESS HILLS AREA EDUCATION AGENCY 13**

**AREA SERVED  
June 30, 2005**

<i><b>COUNTY</b></i>	<i><b>COMMUNITY SCHOOL DISTRICT</b></i>	<i><b>INDEPENDENT SCHOOL</b></i>
Cass	Anita Atlantic C & M Griswold	
Fremont	Farragut Fremont-Mills Hamburg Sidney	
Harrison	Boyer Valley Logan-Magnolia Missouri Valley West Harrison Woodbine	St. Patrick's School
Mills	Glenwood Malvern Nishna Valley	
Page	Clarinda Essex Shenandoah South Page	Clarinda Lutheran Schools
Pottawattamie	A-H-S-T Council Bluffs Lewis Central Riverside Treyner Tri-Center Underwood Walnut	Loess Hills Christian School Council Bluffs Catholic Schools St. Joseph's Element- ary School
Shelby	Elk Horn-Kimballton Harlan Irwin-Kirkman/Manilla	St. Michael's Center St. Joseph's Center St. Mary's Center



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Loess Hills Area Education Agency 13  
Council Bluffs, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Loess Hills Area Education Agency 13 (the "Agency") as of and for the year ended June 30, 2005, which collectively comprise the Agency's basic financial statements listed in the table of contents. These financial statements are the responsibility of Agency officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U. S. generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Loess Hills Area Education Agency 13 at June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U. S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our reports dated August 4, 2005, on our consideration of Loess Hills Area Education Agency 13's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 12 and 33 through 34 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standard's Board. We have applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Loess Hills Area Education Agency 13's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the accompanying Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Schnurr & Company, LLP*

Fort Dodge, Iowa  
August 4, 2005

## **LOESS HILLS AREA EDUCATION AGENCY 13**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

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Loess Hills Area Education Agency 13 (the "Agency") provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

#### **2005 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$19,626,200 in fiscal year 2004 to \$20,677,003 in fiscal year 2005, while General Fund expenditures increased from \$19,948,845 in fiscal year 2004 to \$20,791,814 in fiscal year 2005. This resulted in a decrease in the Agency's General Fund balance from \$926,945 in fiscal year 2004 to \$831,033 in fiscal year 2005, a 10.3 % decrease from the prior year.
- The increase in General Fund revenues was attributable predominately to 1) an increase in federal grant revenue for IDEA Part B programs, 2) federal grant pass-through dollars for local school districts, 3) property tax revenues, and 4) revenues generated for local projects. The increase in expenditures was due primarily to federal grant funds passed through the Agency to local school districts and general increases throughout Agency programs. The main reason the General Fund balance decreased is because Reserves for Technology, Phase III, and Media Resources were reduced or eliminated. The Unreserved Fund Balance did not decline.
- Senate File 453 of the 2003 Iowa General Assembly temporarily reduced controlled funding for the AEAs by \$10 million dollars. This reduction continued into the 2004/05 fiscal year. The Agency's portion of this reduction is \$624,848 and was offset by containment of expenses. This action has impacted the Agency's ability to provide services to schools.

#### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.
- The Government-wide Financial Statements consist of a statement of net assets and a statement of activities. These provide information about the activities of the Agency as a whole and present an overall view of the Agency's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Agency's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the Agency's budget for the year.
- Other Supplementary Information provides detailed information about the nonmajor funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the Agency.



## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

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### **REPORTING THE AGENCY'S FINANCIAL ACTIVITIES (Continued)**

#### **Government-Wide Financial Statements**

The Government-wide statements report information about the Agency as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Agency's assets and liabilities. All of the current year revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Government-wide statements report the Agency's net assets and how they have changed. Net assets – the difference between the Agency's assets and liabilities – are one way to measure the Agency's financial health or position. Over time, increases or decreases in the Agency's net assets are an indicator of whether financial position is improving or deteriorating, respectively. To assess the Agency's overall health, additional non-financial factors, such as changes in the Agency's property tax base and the condition of its facilities, need to be considered.

In the Government-wide financial statements, the Agency's activities are divided into two categories:

- *Governmental activities:* Most of the Agency's basic services are included here, such as regular and special education instruction, student and instructional staff support services, and administration. Property tax, federal grants and state aid finance most of these activities.
- *Business-type activities:* The Agency charges fees for vending machine operations.

#### **Fund Financial Statements**

The fund financial statements provide detailed information about the Agency's funds, focusing on its most significant or "major" funds – not the Agency as a whole. Funds are accounting devices the Agency uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law or by bond covenants. The Agency establishes other funds to control and manage money for particular purposes, such as accounting for major construction projects or to show that it is properly using certain revenues, such as federal grants.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

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### **REPORTING THE AGENCY'S FINANCIAL ACTIVITIES (Continued)**

#### **Fund Financial Statements (continued)**

The Agency has two kinds of funds:

- *Governmental Funds* account for most of the Agency's basic services. These funds focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency's programs. The Agency's governmental funds include the General Fund and the Special Revenue Fund.

The required governmental funds financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- *Proprietary Funds* account for services for which the Agency charges a fee. Proprietary funds are reported in the same way as the Government-wide statements. The Agency's enterprise fund, one type of proprietary fund, is the same as its business-type activities, but provides more detail and additional information, such as cash flows. The Agency currently has one enterprise fund, which includes vending machine operations.

The required proprietary funds financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

A summary reconciliation between the Government-wide financial statements and the fund financial statements follows the fund financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Agency's net assets at the end of fiscal year 2005 totaled approximately \$2.7 million. This compared to approximately \$2.9 million at the end of fiscal year 2004. The analysis that follows provides a summary of the Agency's net assets at June 30, 2005 for the governmental and business-type activities.

The Agency's combined net assets decreased by approximately 6.6% or \$193,000 from fiscal year 2004. The decrease occurred primarily in the governmental funds as a result of reductions or elimination of restricted net assets and the reduction of net capital assets. The unrestricted net assets had a minimal decline for the fiscal year ended June 30, 2005.

#### Condensed Statement of Net Assets (Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	June 30,		June 30,		June 30,	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 6,889	\$ 6,982	\$ 12	\$ 13	\$ 6,901	\$ 6,995
Capital assets	2,275	2,343	-	-	2,275	2,343
<b>Total assets</b>	<b>9,164</b>	<b>9,325</b>	<b>12</b>	<b>13</b>	<b>9,176</b>	<b>9,338</b>
Long-term obligations	370	343	-	-	370	343
Other liabilities	6,058	6,055	1	1	6,059	6,056
<b>Total liabilities</b>	<b>6,428</b>	<b>6,398</b>	<b>1</b>	<b>1</b>	<b>6,429</b>	<b>6,399</b>
Net assets:						
Invested in capital assets, net of debt	2,275	2,343	-	-	2,275	2,343
Restricted	171	280	-	-	171	280
Unrestricted	290	304	11	12	301	316
<b>Total net assets</b>	<b>\$ 2,736</b>	<b>\$ 2,927</b>	<b>\$ 11</b>	<b>\$ 12</b>	<b>\$ 2,747</b>	<b>\$ 2,939</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following analysis shows the changes in net assets for the year ended June 30, 2005:

Changes in Net Assets (Expressed in Thousands)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for service	\$ 1,135	\$ 1,054	\$ 8	\$ 8	\$ 1,143	\$ 1,062
Operating grants and contributions	10,952	10,131	-	-	10,952	10,131
General revenues:						
Property taxes	4,158	4,098	-	-	4,158	4,098
State aid	4,519	4,495	-	-	4,519	4,495
Juvenile home reimbursement	545	427	-	-	545	427
Unrestricted investment earnings	123	55	-	-	123	55
<b>Total revenues</b>	<b>21,432</b>	<b>20,260</b>	<b>8</b>	<b>8</b>	<b>21,440</b>	<b>20,268</b>
Program expenses:						
Instruction	4,458	4,218	-	-	4,458	4,218
Student support services	7,972	7,887	-	-	7,972	7,887
Instructional staff support services	3,856	3,565	-	-	3,856	3,565
General administration	1,526	1,505	-	-	1,526	1,505
Business administration	696	606	-	-	696	606
Plant operations and maintenance	575	592	-	-	575	592
Central and other support services	942	967	-	-	942	967
Pass Through to LEAs	1,598	1,277	-	-	1,598	1,277
Non-instructional programs	-	-	9	9	9	9
<b>Total program expenses</b>	<b>21,623</b>	<b>20,617</b>	<b>9</b>	<b>9</b>	<b>21,632</b>	<b>20,626</b>

(Continued)

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

	Changes in Net Assets (Continued)					
	(Expressed in Thousands)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
	2005	2004	2005	2004	2005	2004
<b>Total expenses</b>	\$ 21,623	\$ 20,617	\$ 9	\$ 9	\$ 21,632	\$ 20,626
Other financing (uses):						
Reversion to						
State Treasurer	-	-	-	-	-	-
<b>Total expenses</b>						
<b>and other</b>						
<b>financing uses</b>	21,623	20,617	9	9	21,632	20,626
(Decrease) in net assets	(191)	(357)	(1)	(1)	(192)	(358)
Net assets beginning						
of year	2,927	3,284	12	13	2,939	3,297
Net assets end of year	\$ 2,736	\$ 2,927	\$ 11	\$ 12	\$ 2,747	\$ 2,939

Operating grants and contributions from local, state and federal sources account for 51.1% of the total governmental activities revenue while general revenues account for 43.6%. The Agency's expenses primarily relate to instruction and support services, which account for 75.3% of the total governmental activities expenses.

#### Governmental Activities

Revenues for governmental activities were \$21,432,397 and expenses were \$21,623,389. It was a tight budget year. Restricted net assets and Net Capital Assets declined. However, Unrestricted Net Assets declined only minimally.

#### Business-Type Activities

Revenues of the Agency's business-type activities were \$8,205 and expenses were \$9,792. The Agency's business-type activities are vending machines operations. The reduction in balance was planned. Revenues are from funds received from vending machine sales. Expenses are for payment of items purchased for resale in vending machines.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

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### **INDIVIDUAL FUND ANALYSIS**

As previously noted, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Agency's governmental funds reported combined fund balances of \$831,033, which is \$95,912 below last year's ending fund balances of \$926,945. The primary reason for this decrease in combined fund balances in fiscal year 2005 was due to a reductions and/or eliminations of reserve fund balances. The Unreserved Fund Balance did not decline.

#### **Governmental Fund Highlights**

- The Agency's decreasing General Fund financial position is due to reductions and/or eliminations of reserve fund balances. The Agency was not required to use carryover unreserved fund balance to meet its financial obligations during the year.
- The General Fund balance decreased from \$926,945 to \$831,033 due to reductions and/or eliminations of reserve fund balances.

#### **Proprietary Fund Highlights**

- Proprietary Fund net assets decreased from \$12,229 at June 30, 2004 to \$10,642 at June 30, 2005, representing a decrease of approximately 13.0%. The Agency has planned to reduce this balance through vending machine operations.

### **BUDGETARY HIGHLIGHTS**

The Agency's Board of Directors annually adopts a budget on a basis consistent with U.S. generally accepted accounting principles. Although the budget document presents functional disbursements by fund, the legal level of control is at the total expenditure level, not at the fund or fund type level. After required public notice and hearing in accordance with the Code of Iowa, the Board submits its budget to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the Agency amended its annual operating budget one time to reflect additional revenue and expenditures associated with new grants and other information such as salary increases for staff, which were not available when the original budget was adopted. A schedule showing the original and final budget amounts compared to the Agency's actual financial activity is included in the required supplementary information section of this report.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

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### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

At June 30, 2005, the Agency had invested \$2,275,415, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, a media collection, vehicles and copy machines. This is a net decrease of approximately \$68,000 from last year. This year's decrease was primarily due to depreciation.

The Agency had depreciation expense of \$312,813 in fiscal year 2005 and total accumulated depreciation of \$2,596,565 at June 30, 2005. More detailed information about capital assets is available in Note 3 to the financial statements.

#### **Long-term Debt**

At June 30, 2005, the Agency had \$370,187 in long-term liabilities outstanding compared to \$342,982 at the end of fiscal year 2004. More detailed information about the Agency's long-term liabilities is available in Note 4 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

At the time these financial statements were prepared and audited, the Agency was aware of several existing circumstances that could significantly affect its financial health in the future:

- The Agency has experienced an annual decrease in the number of students enrolled in local districts for the past several years. That decrease is expected to continue, and decreased enrollment means decreased funding from the state.
- The 2003 Legislature reduced the Agency's fiscal year 2003/04 state aid by \$624,848 and also imposed a \$666,285 fund balance reduction. The 2004 and 2005 Legislatures extended the \$624,848 reduction to fiscal years 2004/05 and 2005/06. These actions impacted the Agency's ability to provide services to schools in 2004/05 and will continue to do so in future years.

### **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Agency's citizens, taxpayers, customers, investors and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Administrative Services, Loess Hills Area Education Agency 13, PO Box 1109, Council Bluffs, Iowa 51502.

**LOESS HILLS AREA EDUCATION AGENCY 13**



## **BASIC FINANCIAL STATEMENTS**

## STATEMENT OF NET ASSETS

June 30, 2005

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 1,137,709	\$ 10,998	\$ 1,148,707
Receivables:			
Interest	420	-	420
Accounts	139,486	-	139,486
State aid	335,700	-	335,700
Federal	1,292,834	-	1,292,834
Other	603,045	-	603,045
Prepaid expenses	7,473	-	7,473
Inventories	45,985	435	46,420
Restricted ISCAP assets:			
Investments	3,313,079	-	3,313,079
Accrued interest receivable	12,967	-	12,967
Capital assets, net of accumulated depreciation	2,275,415	-	2,275,415
<b>Total assets</b>	<b>9,164,113</b>	<b>11,433</b>	<b>9,175,546</b>
<b>Liabilities</b>			
Intergovernmental payable	6,573	-	6,573
ISCAP warrants payable	3,300,000	-	3,300,000
ISCAP accrued interest payable	14,543	-	14,543
Accounts payable	1,137,928	791	1,138,719
Accrued payroll	1,203,013	-	1,203,013
Other liabilities	23,477	-	23,477
Accrued compensated absences	93,527	-	93,527
Deferred revenue:			
Federal	123,488	-	123,488
Other	49,300	-	49,300
Long-term liabilities:			
Portion due or payable within one year:			
Early retirement obligation	105,816	-	105,816
Portion due or payable after one year:			
Early retirement obligation	370,187	-	370,187
<b>Total liabilities</b>	<b>6,427,852</b>	<b>791</b>	<b>6,428,643</b>

(Continued on next page)

**LOESS HILLS AREA EDUCATION AGENCY 13****Exhibit A  
(Continued)****STATEMENT OF NET ASSETS  
June 30, 2005**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 2,275,415	\$ -	\$ 2,275,415
Restricted for:			
Technology	4,512	-	4,512
Media materials	96,533	-	96,533
Special education instruction	69,529	-	69,529
Phase III	-	-	-
Unrestricted	290,272	10,642	300,914
<b>Total net assets</b>	<b>2,736,261</b>	<b>10,642</b>	<b>2,746,903</b>
 <b>Total liabilities and net assets</b>	 <b>\$ 9,164,113</b>	 <b>\$ 11,433</b>	 <b>\$ 9,175,546</b>

See Notes to Financial Statements.

**LOESS HILLS AREA EDUCATION AGENCY 13**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2005**

		<b>Program Revenues</b>	
		<b>Charges for</b>	<b>Operating</b>
	<b>Expenses</b>	<b>Services</b>	<b>Grants and</b>
			<b>Contributions</b>
<b>Functions/Programs:</b>			
Governmental Activities:			
Instruction	\$ 4,457,929	\$ 238,460	\$ 3,196,398
Student support services	7,971,987	371,081	3,961,089
Instructional staff support services	3,855,501	412,833	1,453,868
General administration	1,526,091	-	574,863
Business administration	696,213	102,832	-
Plant operations and maintenance	574,909	10,359	-
Central and other support services	942,490	-	167,425
Pass through to LEAs	1,598,269	-	1,598,269
<b>Total governmental activities</b>	<b>21,623,389</b>	<b>1,135,565</b>	<b>10,951,912</b>
Business-type Activities			
Non-instructional programs			
Enterprise fund	9,792	8,205	-
<b>Total business-type activities</b>	<b>9,792</b>	<b>8,205</b>	<b>-</b>
<b>Total</b>	<b>\$ 21,633,181</b>	<b>\$ 1,143,770</b>	<b>\$ 10,951,912</b>

General revenues:

Property taxes

State aid

Juvenile home reimbursement

Unrestricted investment earnings

**Total general revenues**

Change in net assets

Net assets beginning of year

Net assets end of year

See Notes to Financial Statements.

**Exhibit B**

<b>Net (Expense) Revenue and Changes in Net Assets</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (1,023,071)	\$ -	\$ (1,023,071)
(3,639,817)	-	(3,639,817)
(1,988,800)	-	(1,988,800)
(951,228)	-	(951,228)
(593,381)	-	(593,381)
(564,550)	-	(564,550)
(775,065)	-	(775,065)
-	-	-
(9,535,912)	-	(9,535,912)
-	(1,587)	(1,587)
-	(1,587)	(1,587)
(9,535,912)	(1,587)	(9,537,499)
4,158,059	-	4,158,059
4,518,856	-	4,518,856
544,608	-	544,608
123,397	-	123,397
9,344,920	-	9,344,920
(190,992)	(1,587)	(192,579)
2,927,253	12,229	2,939,482
<u>\$ 2,736,261</u>	<u>\$ 10,642</u>	<u>\$ 2,746,903</u>

**LOESS HILLS AREA EDUCATION AGENCY 13**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2005**

		<b>General</b>	<b>Special Revenue</b>	<b>Total</b>
<b>Assets</b>				
Cash and pooled investments		\$ 1,137,709	\$ -	\$ 1,137,709
Receivables:				
Interest		420	-	420
Accounts		73,497	65,989	139,486
State aid		335,700	-	335,700
Federal		1,292,834	-	1,292,834
Other		599,505	3,540	603,045
Due from other funds		751	-	751
Prepaid expenses		7,473	-	7,473
Inventories		45,985	-	45,985
Restricted ISCAP assets:				
Investments		3,313,079	-	3,313,079
Accrued interest receivable		12,967	-	12,967
<b>Total assets</b>		<b>\$ 6,819,920</b>	<b>\$ 69,529</b>	<b>\$ 6,889,449</b>

See Notes to Financial Statements.

Exhibit C

	General	Special Revenue	Total
<b>Liabilities and Fund Balances</b>			
Intergovernmental payable	\$ -	\$ 6,573	\$ 6,573
ISCAP warrants payable	3,300,000	-	3,300,000
ISCAP accrued interest payable	14,543	-	14,543
Accounts payable	1,136,322	1,606	1,137,928
Accrued payroll	1,142,414	60,599	1,203,013
Accrued compensated absences	93,527	-	93,527
Other liabilities	129,293	-	129,293
Due to other funds	-	751	751
Deferred revenue:			
Federal	123,488	-	123,488
Other	49,300	-	49,300
<b>Total liabilities</b>	<b>5,988,887</b>	<b>69,529</b>	<b>6,058,416</b>
<b>Fund balances:</b>			
Reserved for:			
Technology	4,512	-	4,512
Phase III			-
Inventories and prepaid expenses	53,457	-	53,457
Media materials	96,533	-	96,533
Unreserved:			
Designated for subsequent year's expenditures	23,532	-	23,532
Undesignated	652,999	-	652,999
<b>Total fund balances</b>	<b>831,033</b>	<b>-</b>	<b>831,033</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,819,920</b>	<b>\$ 69,529</b>	<b>\$ 6,889,449</b>

**RECONCILIATION OF THE BALANCE SHEET--  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS  
June 30, 2005**

<b>Total governmental fund balances (page 16)</b>	\$ 831,033
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$4,871,980 and the accumulated depreciation is \$2,596,565.	2,275,415
Long-term liabilities, including early retirement obligation, are not due and payable in the current period and, therefore, are not reported in the government funds.	<u>(370,187)</u>
<b>Net assets of governmental activities (page 14)</b>	<u><u>\$ 2,736,261</u></u>

See Notes to Financial Statements.



**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES -- GOVERNMENTAL FUNDS  
Year Ended June 30, 2005**

	<b>General</b>	<b>Special Revenue</b>	<b>Total</b>
Revenues:			
Local sources	\$ 6,533,088	\$ 198,460	\$ 6,731,548
State sources	5,623,758	556,934	6,180,692
Federal sources	8,520,157	-	8,520,157
<b>Total revenues</b>	<b>20,677,003</b>	<b>755,394</b>	<b>21,432,397</b>
Expenditures:			
Current:			
Instruction	3,761,693	707,846	4,469,539
Student support services	7,946,730	-	7,946,730
Instructional staff support services	3,864,826	2,156	3,866,982
General administration	1,450,942	26,493	1,477,435
Business administration	706,886	-	706,886
Plant operations and maintenance	529,432	-	529,432
Central and other support services	933,036	-	933,036
Pass through to LEAs	1,598,269	-	1,598,269
<b>Total expenditures</b>	<b>20,791,814</b>	<b>736,495</b>	<b>21,528,309</b>
Excess (deficiency) of revenues over (under) expenditures	<b>(114,811)</b>	<b>18,899</b>	<b>(95,912)</b>
Other financing sources (uses):			
Transfers in	18,899	-	18,899
Transfers out	-	(18,899)	(18,899)
<b>Total other financing sources (uses)</b>	<b>18,899</b>	<b>(18,899)</b>	<b>-</b>
Deficiency of revenues and other financing (uses) under expenditures	<b>(95,912)</b>	<b>-</b>	<b>(95,912)</b>
Fund balance, beginning of year	926,945	-	926,945
Fund balance, end of year	<b>\$ 831,033</b>	<b>\$ -</b>	<b>\$ 831,033</b>

See Notes to Financial Statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES --  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2005**

**Net change in fund balances - Total governmental funds (page 18)** **\$ (95,912)**

*Amounts reported for governmental activities in the  
Statement of Activities are different because:*

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the estimated useful lives of the assets. Capital outlay exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 244,938	
Depreciation expense	(312,813)	(67,875)

The accrual for the long-term portion of the early retirement obligation is not due in the current period and, therefore, is not reported in the governmental fund. However, such accrual is recorded as an expense in governmental activities. The early retirement obligation increased in the current year as follows:

Early retirement obligation year ended 6/30/04	342,982	
Early retirement obligation year ended 6/30/05	(370,187)	(27,205)

**Net change in assets of governmental activities (page 15)** **\$ (190,992)**

See Notes to Financial Statements.

**LOESS HILLS AREA EDUCATION AGENCY 13****Exhibit G****STATEMENT OF NET ASSETS - PROPRIETARY FUND  
Year Ended June 30, 2005**

	<u>Enterprise Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 10,998
Inventories	<u>435</u>
<b>Total assets</b>	<u>11,433</u>
<b>Liabilities</b>	
Accounts payable	<u>791</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$ 10,642</u></u>

See Notes to Financial Statements.

**LOESS HILLS AREA EDUCATION AGENCY 13****Exhibit H****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
Year Ended June 30, 2005**

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for service	\$ 8,205
Operating expenses:	
Cost of merchandise sold	<u>9,792</u>
Net (loss)	(1,587)
Net assets, beginning of year	<u>12,229</u>
Net assets, end of year	<u>\$ 10,642</u>

See Notes to Financial Statements.

**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2005**

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities	
Cash received from users	\$ 8,205
Cash paid to suppliers	<u>(9,405)</u>
Net cash (used in) operating activities	(1,200)
Cash, beginning of year	<u>12,198</u>
Cash, end of year	<u><u>\$ 10,998</u></u>
 <b>Reconciliation of operating (loss) to net cash (used in) operating activities:</b>	
Operating (loss)	\$ (1,587)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:	
Decrease in inventories	517
Decrease in accounts payable	<u>(130)</u>
Net cash (used in) operating activities	<u><u>\$ (1,200)</u></u>

See Notes to Financial Statements.

## LOESS HILLS AREA EDUCATION AGENCY 13

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Loess Hills Area Education Agency 13 (the Agency) is an intermediate school corporation established to identify and serve children who require special education. The Agency also provides media services and education support services. These programs and support services are provided to 31 school districts and private schools in a seven-county area. The Agency is governed by a Board of Directors whose members are elected on a non-partisan basis.

The Agency's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

##### **Reporting Entity:**

For financial reporting purposes, the Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Agency. The Agency has no component units which meet the Governmental Accounting Standards Board (GASB) criteria.

##### **Basis of Presentation:**

Government-wide Financial Statements – The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the Agency. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net assets presents the Agency's nonfiduciary assets and liabilities, with the differences reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Basis of Presentation (continued):**

Government-wide Financial Statements (continued) – The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Unrestricted interest income and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The Agency reports the following major governmental funds:

- The General Fund is the general operating fund of the Agency. All general revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instruction support and other costs.
- The Special Revenue Fund is used to account for programs where the Agency employs teachers to provide instruction to juvenile home program students and to special education pupils. The actual costs of providing instructional services to the pupils are reimbursed by the State of Iowa for the juvenile home program and are billed to the individual school districts for special education instruction.

The Agency reports the following major proprietary fund:

- The Agency's proprietary fund is the Enterprise Fund. This fund is used to account for activities that are performed as a service to staff and consists primarily of vending machine operations.

The Agency also serves as custodian of certain funds on behalf of other organizations. Such amounts are maintained in fiduciary funds which, because they are not direct assets or liabilities of the Agency, are not reported in the accompanying financial statements.

#### **Measurement Focus and Basis of Accounting:**

The Government-wide financial statements and the proprietary fund financial statements are reported using the "economic resources measurement focus". The Government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Measurement Focus and Basis of Accounting (continued):**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Agency.

Government fund expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences, are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Proprietary fund of the Agency applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency's enterprise fund is charged to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **Assets, Liabilities and Fund Equity:**

Cash, Pooled Investments and Cash Equivalents – Cash includes amounts in demand deposits and money market funds. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust (ISJIT) which is valued at amortized cost which approximates fair value.

All short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Inventories – Inventories are stated at cost using the first-in, first-out (FIFO) method and consist of expendable supplies and materials. The cost of these items is recorded as an expenditure at the time of consumption. The amounts on hand at the financial statement date are reflected in the balance sheet as an asset.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Assets, Liabilities and Fund Equity (continued):**

**Capital Assets** – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the Government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the Agency as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Land	\$ 5,000
Buildings	20,000
Improvements other than buildings	20,000
Furniture and equipment	5,000
Media collection	5,000

Additionally, the entire media collection will be considered in aggregate.

Property, furniture and equipment are depreciated using the straight-line method of depreciation over the following useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives (In Years)</u></b>
Buildings	50
Improvements other than buildings	20-50
Furniture and equipment	5
Media collection	5-15

**Accrued Payroll and Related Expenses** - Payroll and related expenses for certified staff and other employees with annual employment contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

**Deferred Revenue** - Deferred revenue represents an excess of cash advances by the funding sources over accrued expenditures at year end.

**Accrued Compensated Absences** - Agency employees accumulate a limited amount of earned-but-unused vacation and sick leave hours for subsequent use, or in the case of vacation leave, for payment upon resignation, retirement, death or termination. The liability for compensated absences for accrued vacation has been computed based on current rates of pay in effect at June 30, 2005. Agency policy requires that the carryover of accrued vacation leave must be used by June 30 of the ensuing fiscal year, and has therefore recorded the entire amount as a current liability in the general fund.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Assets, Liabilities and Fund Equity (continued):**

Long-term Obligation – In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

Fund Balances – In the government fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the Agency-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

### NOTE 2. CASH AND POOLED INVESTMENTS

The Agency's deposits in banks at June 30, 2005 were entirely covered by Federal depository insurance or by the State sinking fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers' acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Agency's investments are categorized to give an indication of the level of risk assumed by the Agency at year end. The Agency's investments are all Category 1 which means that the investments are insured or registered or are all held by the Agency or its agent in the Agency's name.

The Agency has investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of \$1,024,396 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk - The Agency's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the Agency.

Credit risk - The investment in the Iowa Schools Joint Investment Trust is rated AAA by Moody's Investors Service.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2005 is as follows:

	<b>Balance Beginning of Year</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance End of Year</b>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 20,394	\$ -	\$ -	\$ 20,394
<b>Total capital assets, not being depreciated</b>	<b>20,394</b>	<b>-</b>	<b>-</b>	<b>20,394</b>
Capital assets being depreciated:				
Improvements other than buildings	11,074	-	-	11,074
Buildings and improvements	1,471,241	-	-	1,471,241
Furniture and equipment	504,997	13,457	14,895	503,559
Media collection	2,536,933	203,978	10,553	2,730,358
Vehicles	157,990	27,503	50,139	135,354
<b>Total capital assets, being depreciated</b>	<b>4,682,235</b>	<b>244,938</b>	<b>75,587</b>	<b>4,851,586</b>
Less accumulated depreciation for:				
Improvements other than buildings	11,074	-	-	11,074
Buildings and improvements	625,181	36,423	-	661,604
Furniture and equipment	411,515	45,414	14,895	442,034
Media collection	1,182,275	212,476	10,553	1,384,198
Vehicles	129,294	18,500	50,139	97,655
<b>Total accumulated depreciation</b>	<b>2,359,339</b>	<b>312,813</b>	<b>75,587</b>	<b>2,596,565</b>
<b>Total capital asset being depreciated, net</b>	<b>2,322,896</b>	<b>(67,875)</b>	<b>-</b>	<b>2,255,021</b>
<b>Governmental activities - capital assets, net</b>	<b>\$ 2,343,290</b>	<b>\$ (67,875)</b>	<b>\$ -</b>	<b>\$ 2,275,415</b>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions of the Agency as follows:

Governmental activities:	
Student support services	\$ 11,338
Instructional staff support services	217,131
General administration	6,785
Business administration	16,830
Plant operations and maintenance	45,477
Central and other support services	<u>15,252</u>
<b>Total governmental activities depreciation expense</b>	<b><u>\$ 312,813</u></b>

### NOTE 4. CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2005 is as follows:

	<b>Balance Beginning of Year</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance End of Year</b>
Early retirement obligation	<u>\$ 416,841</u>	<u>\$ 133,021</u>	<u>\$ 73,859</u>	<u>\$ 476,003</u>
Portion due within one year				<u>105,816</u>
Portion due after one year				<u>\$ 370,187</u>

Early Retirement Obligation - Agency employees who elect early retirement are eligible to receive health insurance through the Agency for the lesser of five years, or when the retiree becomes eligible for Medicare. A liability has been recorded in the governmental funds representing the Agency's commitment to fund the health insurance premiums for these individuals. This liability has been computed based on actuarially based rates which estimate that retiree health care costs would increase 11% in fiscal 2007, decreasing gradually to 4.75% in fiscal 2015 and thereafter. In the Government-wide financial statements, the long-term early retirement obligation is reported as a liability in the governmental activities column in the statement of net assets.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. OPERATING LEASES

The Agency has leased various facilities within the area and also has a rental agreement for a copy machine. These leases have been classified as operating leases and accordingly, all rents are charged to expenditures as incurred. The leases expire between June 30, 2006 and June 30, 2010. Certain leases are renewable for additional periods and most are noncancelable. Certain leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects that the leases will be renewed or replaced by other leases.

The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2005.

<b><u>Year Ending June 30.</u></b>	<b><u>Total</u></b>
2006	\$ 112,614
2007	94,984
2008	40,956
2009	40,956
2010	<u>28,260</u>
<b>Total</b>	<b><u>\$ 317,770</u></b>

The total rental expenditures for the year ended June 30, 2005 for all operating leases were \$113,376.

### NOTE 6. IOWA SCHOOLS CASH ANTICIPATION PROGRAM (ISCAP)

The Agency participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each participating entity is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity and are provided monthly statements regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is trustee of the program. These accounts are reflected as restricted assets on the Statement of Net Assets and Balance Sheet. A summary of the Agency's participation in ISCAP as of June 30, 2005 is as follows:

<b>Series</b>	<b>Warrant Date</b>	<b>Final Warrant Maturity</b>	<b>Investments</b>	<b>Accrued Interest Receivable</b>	<b>Warrants Payable</b>	<b>Accrued Interest Payable</b>
2004-2005A	6/30/04	6/30/05	\$ -	\$ -	\$ -	\$ -
2004-2005B	1/28/05	1/27/06	1,002,890	12,967	1,000,000	14,543
2005-2006A	6/30/05	6/28/06	2,310,189	-	2,300,000	-
			<u>\$ 3,313,079</u>	<u>\$ 12,967</u>	<u>\$ 3,300,000</u>	<u>\$ 14,543</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. IOWA SCHOOLS CASH ANTICIPATION PROGRAM (ISCAP) (Continued)

The Agency pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the Agency must repay the outstanding withdrawal from its General Fund receipts. In addition, the Agency must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2005 is as follows:

<b>Series</b>	<b>Balance Beginning of Year</b>	<b>Advances Received</b>	<b>Advances Repaid</b>	<b>Balance End of Year</b>
2004-2005A	\$ -	\$ 2,325,000	\$ 2,325,000	\$ -
2004-2005B	-	450,000	450,000	-
	<u>\$ -</u>	<u>\$ 2,775,000</u>	<u>\$ 2,775,000</u>	<u>\$ -</u>

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

<b>Series</b>	<b>Interest Rates on Warrants</b>	<b>Interest Rates on Investments</b>
2004-2005A	3.00%	2.46%
2004-2005B	3.00%	3.23%
2005-2006A	3.50%	3.90%

The net interest earned or due from the series is recorded as a revenue or an expenditure at maturity.

### NOTE 7. PENSION AND RETIREMENT BENEFITS

The Agency contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P. O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the Agency is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The Agency's contribution to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$608,604, \$575,927 and \$559,020, respectively, equal to the required contributions for each year.

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE 8. RISK MANAGEMENT**

The Agency is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Agency assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years nor have there been any significant changes in coverage.

**LOESS HILLS AREA EDUCATION AGENCY 13**



## **REQUIRED SUPPLEMENTARY INFORMATION**

**LOESS HILLS AREA EDUCATION AGENCY 13****STATEMENT OF REVENUES, EXPENDITURES/EXPENSES AND  
CHANGES IN BALANCES -- BUDGET AND ACTUAL --****ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND****Required Supplementary Information****Year Ended June 30, 2005**

	<b>Governmental Fund Types Actual</b>	<b>Proprietary Fund Types Actual</b>	<b>Total Actual</b>
Revenues:			
Local sources	\$ 6,731,548	\$ 8,205	\$ 6,739,753
State sources	6,180,692	-	6,180,692
Federal sources:	8,520,157	-	8,520,157
<b>Total revenues</b>	<b>21,432,397</b>	<b>8,205</b>	<b>21,440,602</b>
Expenditures/Expenses:			
Current:			
Instruction	4,469,539	-	4,469,539
Student support services	7,946,730	-	7,946,730
Instructional staff support services	3,866,982	-	3,866,982
General administration	1,477,435	-	1,477,435
Business administration	706,886	-	706,886
Plant operations and maintenance	529,432	-	529,432
Central and other support services	933,036	-	933,036
Pass through to LEAs	1,598,269	-	1,598,269
Non instructional programs	-	9,792	9,792
<b>Total expenditures/expenses</b>	<b>21,528,309</b>	<b>9,792</b>	<b>21,538,101</b>
<b>Excess (deficiency) of revenues over (under) expenditures/expenses</b>	<b>(95,912)</b>	<b>(1,587)</b>	<b>(97,499)</b>
Balance, beginning of year	926,945	12,229	939,174
Balance, end of year	<u><u>\$ 831,033</u></u>	<u><u>\$ 10,642</u></u>	<u><u>\$ 841,675</u></u>

See accompanying Independent Auditor's Report.

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<b>Budget</b>		<b>Final to Actual</b>
<b>Original</b>	<b>Final</b>	<b>Variance</b>
\$ 7,075,639	\$ 7,375,987	\$ (636,234)
6,328,864	6,190,580	(9,888)
7,993,696	8,974,373	(454,216)
21,398,199	22,540,940	(1,100,338)

4,832,290	5,194,213	724,674
7,923,515	8,165,658	218,928
3,797,854	4,237,958	370,976
1,543,131	1,537,872	60,437
648,968	670,088	(36,798)
565,214	550,929	21,497
1,063,957	911,368	(21,668)
1,230,640	1,598,269	-
200,000	50,000	40,208
21,805,569	22,916,355	1,378,254

(407,370)	(375,415)	277,916
433,020	145,424	793,750
\$ 25,650	\$ (229,991)	\$ 1,071,666

**LOESS HILLS AREA EDUCATION AGENCY 13**  
**June 30, 2005**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING**

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The Agency's Board of Directors annually prepares a budget on a basis consistent with U.S. generally accepted accounting principles. Although the budget document presents function disbursements by fund, the legal level of control is at the total expenditure/expense level, not by fund. After required public notice and hearing in accordance with the Code of Iowa, the Board submits its budget to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board.

## **OTHER SUPPLEMENTARY INFORMATION**

**REVENUE BY SOURCE - ALL GOVERNMENT FUND TYPES**  
**For The Last Four Years**

	<b>Modified Accrual Basis</b>			
	<b>Years Ended June 30,</b>			
	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Local Sources	\$ 6,731,548	\$ 6,431,556	\$ 5,328,358	\$ 5,279,537
State Aid	6,180,692	6,046,483	6,663,239	6,724,064
Federal Aid	8,520,157	7,782,212	6,008,960	5,138,115
<b>Total</b>	<b>\$ 21,432,397</b>	<b>\$ 20,260,251</b>	<b>\$ 18,000,557</b>	<b>\$ 17,141,716</b>

**EXPENDITURES BY FUNCTION -- ALL GOVERNMENT FUND TYPES**  
**For the Last Four Years**

	<b>Modified Accrual Basis</b>			
	<b>Years Ended June 30</b>			
	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Expenditures:				
Instruction	\$ 4,469,539	\$ 4,247,491	\$ 2,432,302	\$ 2,514,536
Student Support Staff	7,946,730	7,856,006	7,713,456	7,664,235
Instructional staff support services	3,866,982	3,582,830	3,445,227	3,229,589
General administration	1,477,435	1,485,552	1,516,959	1,530,106
Business administration	706,886	603,015	587,921	561,237
Plant operations and maintenance	529,432	546,341	522,646	578,034
Central and other support services	933,036	969,688	1,030,242	-
Pass through to LEAs	1,598,269	1,277,296	907,426	1,077,380
Facilities acquisition and construction	-	-	-	18,169
Debt service	-	-	-	155,177
<b>Subtotal</b>	<b>21,528,309</b>	<b>20,568,219</b>	<b>18,156,179</b>	<b>17,328,463</b>
Other financing uses - Reversion to State Treasurer	-	-	666,285	-
<b>Total</b>	<b>\$ 21,528,309</b>	<b>\$ 20,568,219</b>	<b>\$ 18,822,464</b>	<b>\$ 17,328,463</b>

**CHANGES IN ASSETS AND LIABILITIES --**  
**FIDUCIARY FUND TYPE - AGENCY FUND**  
**Year Ended June 30, 2005**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Assets</b>				
Cash	\$ 1,235,253	\$ 1,894,232	\$ 2,277,104	\$ 852,381
Other receivable	28,604	30,035	28,604	30,035
<b>Total assets</b>	<u>\$ 1,263,857</u>	<u>\$ 1,924,267</u>	<u>\$ 2,305,708</u>	<u>\$ 882,416</u>
<b>Liabilities</b>				
Accounts payable	\$ 26,006	\$ 2,103,580	\$ 2,102,640	\$ 26,946
Deposits held in custody for others/ deferred revenue	1,237,851	1,894,940	2,277,321	855,470
<b>Total liabilities</b>	<u>\$ 1,263,857</u>	<u>\$ 3,998,520</u>	<u>\$ 4,379,961</u>	<u>\$ 882,416</u>



**LOESS HILLS AREA EDUCATION AGENCY 13****Schedule 4****DEPARTMENT OF PUBLIC HEALTH GRANTS****Year Ended June 30, 2005**

Comprehensive Substance Abuse Prevention	\$ 167,838
Youth Mentoring Program	45,952
State Incentive Grant	99,942
Drug & Violence Prevention	<u>50,993</u>
<b>Total direct expenditures</b>	364,725
Distribution of Delivery and Central Support Expenditures	8,534
Distribution of Administration and Plant Operations and Maintenance	<u>21,221</u>
<b>Total expenditures</b>	394,480
Phase II Funding	1,945
Funding received or due from Department of Public Health	<u>352,025</u>
Expenditures paid from Agency General Funds and Conference Revenues	<u><u>\$ 40,510</u></u>

**LOESS HILLS AREA EDUCATION AGENCY 13****Schedule 5****DEPARTMENT OF HUMAN SERVICES GRANTS****Year Ended June 30, 2005**

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**School Based Supervision Programs:****Revenue:**

Juvenile Court Services	\$	-	
Juvenile Court Services Accrual at 6/30/05		173,201	
Local School District		<u>194,990</u>	
<b>Total revenue</b>			\$ 368,191

**Expenditures**

Direct expenditures	358,896	
Indirect cost	<u>9,295</u>	
<b>Total expenditures</b>		<u>368,191</u>
		<u><u>\$ -</u></u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2005**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Grantor's Number</b>	<b>Expenditures</b>
<b>U. S. Department of Education:</b>			
Passed-through Iowa Department of Education:			
Education of Handicapped Act (EHA) Part B: 94-142:			
Special Education - Grants to States (IDEA, Part 3) -			
Early Childhood Education for the Handicapped	84.027*	040513	\$ 4,600,714
Early Childhood Education for the Handicapped	84.027*	5KB2-13	1,598,269
Special Education - Preschool Grants (IDEA			
Preschool) - Section 619, Ages 3-5	84.173	04619-13	292,674
Special Education - Grants for Infants and Families			
with Disabilities - 94-142 Part C:			
IDEA, Part C, Infants and Toddlers	84.181	C04-13	231,325
Special Education - Grants to States (IDEA, Part 3) -			
Miscellaneous 94-142:			
Diagnostic Evaluation Program	84.027*	4K71-13	16,434
Supplemental Support Services	84.027*	4K72-13	202,176
Success 4	84.027*	4K75-13	46,057
Parent Educator Project	84.027*	47413	60,087
Para-Educator Project	84.027*	4K76-13	14,177
Employee Preparation Study	84.027*	51605	76
Conference on Research Based Interventions	84.027*	47105	1,349
Model School Conference	84.027*	59805	3,723
Occupational Therapists Staff Development Conference	84.027*	50005	437
Model Schools and Successful Practices Network Initiative	84.027*	G-5K70-13	2,380
Conflict Resolution	84.027*	4KO7-13	2,507
Parent Measures Surveys	84.181	G-4KC1-9	800
Iowa Quality PreSchool Program Standards	84.323	G-5PI3-13	3,863
Early Access Data System	84.326		3,430
Reading First	84.357		29,151
State Department Reading Team	84.357	14405/14605	22,354
Title III English Language/ELL	84.365		38,844
Title III Consultant Face to Face	84.365	050111	362
Technology Literacy Challenge/E2T2	84.318		106,127
Evaluating State Education Technology Programs	84.318		75,791
			<u>7,353,107</u>

(Continued on next page)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2005

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Grantor's Number</b>	<b>Expenditures</b>
<b>U. S. Department of Education (Continued):</b>			
Special Education - Grants to States (IDEA, Part 3) - Miscellaneous 94-142 (Continued):			
DDL/Title 1 Accountability - Reimbursement to Schools	84.348		\$ 14,126
Received from the University of Iowa:			
Middle School Text Reader Project	84.027*		2,508
Received from U. S. Department of Education:			
Fund for the Improve of Educ Earmark Grant Awards	84.215K		671,191
<b>Total Department of Education</b>			<b>8,040,932</b>
<b>U. S. Department of Health and Human Services:</b>			
Passed-Through Iowa Department of Public Health:			
Block Grants for Prevention and Treatment of			
Substance Abuse - Comprehensive Prevention	93.959		145,856
State Incentive Grant	93.230		99,206
Drug and Violence Prevention	84.186B		50,964
Passed-Through Iowa Department of Human Services:			
Medical Assistance Program -			
Title 19 Medicaid Reimbursement			
Title 19 Medicaid Reimbursement	93.778		61,344
Part C Infants and Toddlers Reimbursement	93.778		48,347
Wraparound Services for Children with			
Serious Emotional Disabilities	93.958		33,504
Received from U.S. Department of			
Health and Human Services:			
Drug Free Communities Support	93.276		40,004
<b>Total Department of Health and Human Services</b>			<b>479,225</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 8,520,157</b>

\* Total expenditures for CFDA Number 84.027 were \$6,550,894

**Basis of Presentation** – the Schedule of Expenditures of Federal Awards includes the federal grant activities of Loess Hills Area Education Agency 13 and is presented on the modified accrual basis. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Legal Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Loess Hills Area Education Agency 13  
Council Bluffs, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Loess Hills Area Education Agency 13 (the "Agency"), as of and for the year ended June 30, 2005, which collectively comprise the Agency's basic financial statements listed in the table of contents, and have issued our report thereon dated August 4, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of the Loess Hills Area Education Agency 13, and other parties to whom Loess Hills Area Education Agency 13 may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Loess Hills Area Education Agency 13 during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Schnurr & Company, LLP*

Fort Dodge, Iowa  
August 4, 2005



SCHNURR & COMPANY, LLP  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

Board of Directors of  
Loess Hills Area Education Agency 13  
Council Bluffs, Iowa

**Compliance**

We have audited the compliance of Loess Hills Area Education Agency 13 (the "Agency") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2005. The Agency's major federal program is identified in Part 1 of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with U. S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

## **Internal Control Over Compliance**

The management of the Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grant agreements caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the Agency and other parties to whom the Agency may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Schnurr & Company, LLP*

Fort Dodge, Iowa  
August 4, 2005



## **LOESS HILLS AREA EDUCATION AGENCY 13**

### **Schedule of Findings and Questioned Costs Year Ended June 30, 2005**

#### **Part I: Summary of Auditor's Results**

- (a) An unqualified opinion was issued on the financial statements.
- (b) No reportable conditions in internal control over financial reporting were disclosed.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No reportable conditions in internal control over compliance with requirements applicable to major federal award programs were disclosed by the audit.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings required to be reported by OMB Circular A-133, Section 510(a).
- (g) The major program was:
  - CFDA Number 84.027 – Special Education – Grants to States
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Loess Hills Area Education Agency 13 qualified as a low-risk auditee.

#### **Part II: Financial Statement Findings Section:**

None.

#### **Part III: Findings and Questioned Costs For Federal Awards:**

None.

**Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-05    Official Depositories: A resolution naming official depositories has been adopted by the Agency. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.
- IV-B-05    Budget: Expenditures during the year ended June 30, 2005 did not exceed the amounts budgeted.
- IV-C-05    Questionable Expenditures: No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-D-05    Travel Expense: No expenditures of Agency money for travel expenses of spouses of Agency officials or employees were noted.
- IV-E-05    Business Transactions: No business transactions between the Agency and Agency officials or employees were noted.
- IV-F-05    Bond Coverage: Surety bond coverage of Agency officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- IV-G-05    Board Minutes: No transactions requiring Board approval were noted which had not been approved.
- IV-H-05    Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa were noted.
- IV-I-05    Certified Annual Report: The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Loess Hills Area Education Agency 13 during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Schnurr & Company, LLP*

Fort Dodge, Iowa  
August 4, 2005